



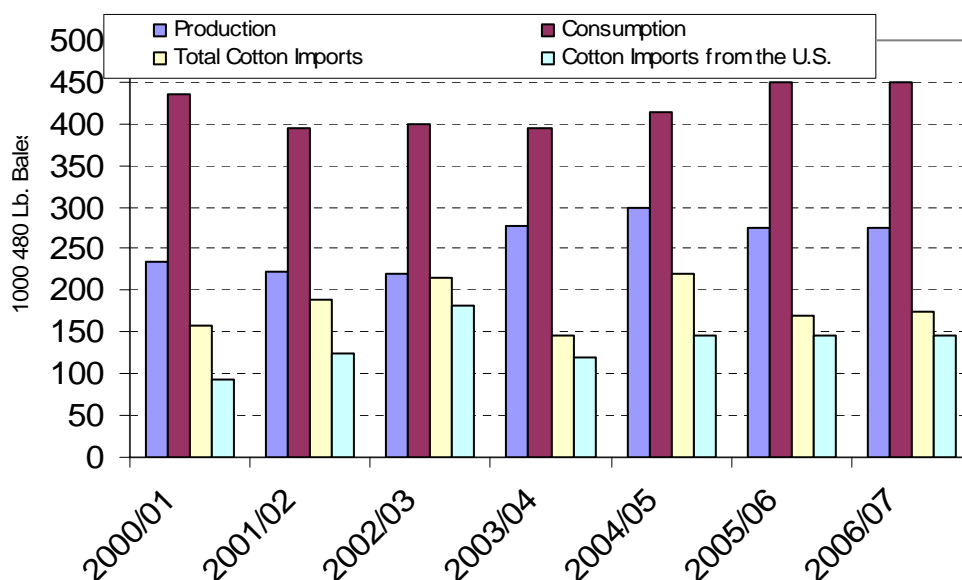
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# Cotton: World Markets and Trade

## Peru Cotton Production, Consumption and Imports



Peru started importing small amounts of cotton in the early 1990's and by 1992/93 imports became the rule rather than the exception. In 1994/95 imports accounted for nearly 20 percent of domestic consumption as Peru's textile industry expanded. In 2005/06, imports accounted for 37 percent of domestic consumption. Usually 87 percent of Peru's cotton imports come from the United States. U.S cotton exports to Peru in 2005/06 totaled 147 thousand bales, up slightly from the year prior. Since 2000/01, U.S. cotton exports to Peru have increased 56 percent.

The Pima crop, grown in Northern Peru, is subject to variations in water availability that dictates whether rice or an alternative crop is grown. The supply of Peruvian Pima is limited and insufficient to meet the demands of the domestic spinning mills. According the Peru Ministry of Agriculture, farmers in the Piura area that grow most of the ELS output have reported planting only 12,499 hectares during the normal planting period, down from the 14,684 hectares planted last year. Thus the 2006/07 Peru Pima production appears set to fall slightly from last season.

Use of cotton in Peru has gradually expanded over the past years. In the 1980's cotton use in Peru averaged 286 thousand bales per year. In the 1990's, the use expanded to 335 thousand bales and USDA projects use in 2006/07 to be 450 thousand bales. Textiles have become one of Peru's top exports. The Peruvian industry's export strategy is to position its products in the higher end market. They are aware